

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**Blood Glucose Test Strips:
Marketing to Medicare Beneficiaries**



**JUNE GIBBS BROWN
Inspector General**

**JUNE 2000
OEI-03-98-00231**

OFFICE OF INSPECTOR GENERAL

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EXECUTIVE SUMMARY

PURPOSE

To examine how marketing practices affect Medicare beneficiaries who use diabetic testing supplies. This report serves as a companion to a recently issued draft report, “Medicare Payments for Blood Glucose Test Strips” (OEI-03-98-00230).

BACKGROUND

In conjunction with an inspection which examined the propriety of Medicare payments for blood glucose test strips, we gathered information relating to the marketing of these supplies. This information encompassed marketing practices targeted to the diabetic Medicare population as well as the diabetic community in general.

We obtained marketing information from a 1997 sample of Medicare beneficiaries and the suppliers who provided the diabetic supplies to these beneficiaries. The information was obtained from the beneficiaries through telephone interviews. We mailed survey forms to the suppliers which included questions relating to their marketing practices. In addition, we collected current examples of diabetic supply advertisements in four metropolitan areas.

Marketing of diabetic testing supplies to the Medicare population is of vital interest because of sharply increasing payments. Medicare allowances for test strips more than doubled between 1994 and 1997, increasing from about \$102 million in 1994 to \$220 million in 1997. Allowances exceeded \$314 million in 1998. The full impact of an expansion of eligibility requirements, which took effect in 1998, could lead to an even greater increase in payments in future years.

FINDINGS

Diabetic supply advertisements offer inducements and can be misleading.

Coinsurance information in diabetic supply advertisements can be misleading and we found that suppliers did not always collect coinsurance from beneficiaries. Diabetic supply advertisements also offer inducements and beneficiaries reported receiving incentives such as free monitors.

Beneficiaries receive test strips automatically from mail-order suppliers. We found that many beneficiaries received their test strips from suppliers automatically even after the guidelines issued on July 1, 1998 prohibited automatic shipping.

RECOMMENDATIONS

To address the vulnerabilities identified in this report, we recommend that the Health Care Financing Administration:

Issue bulletins reminding suppliers who routinely waive deductibles and/or coinsurance or who engage in misleading advertising practices that they may be in violation of the Medicare and Medicaid anti-kickback law. Suppliers should be advised to seek legal counsel if they have any questions or concerns regarding waivers of deductibles and/or coinsurance or the propriety of marketing or advertising materials.

Remind suppliers that beneficiaries must specifically request new supplies of test strips before they are dispensed. Suppliers must not automatically dispense new quantities of test strips on a predetermined basis even if beneficiaries have authorized such procedures previously.

Promote supplier concurrence and cooperation with the Office of Inspector General's *Compliance Program Guidance for the Durable Medical Equipment, Prosthetics, Orthotics and Supply Industry*. Suppliers who establish a compliance program in accordance with the guidelines should be able to maintain an ethical and lawful business operation.

Advise beneficiaries, as part of its outreach service, to report any instances of fraudulent or abusive practices (such as misleading advertising and excessive or unrequested deliveries of test strips) involving their home blood glucose monitors, test strips, or related supplies to their DMERCs.

AGENCY COMMENTS

The HCFA concurred with our recommendations. As part of an intensive campaign to reduce and eliminate fraudulent and abusive supplier practices, including those detailed in our findings, HCFA cited a number of ongoing and planned initiatives. These initiatives included, (1) plans to discuss routine waivers of deductibles and coinsurance in addition to misleading advertising at the 2000 Beneficiary Integrity Conference, (2) reminding suppliers in DMERC bulletins and newsletters that they must not automatically dispense new supplies of test strips unless specifically requested by beneficiaries or their caregivers, (3) working with the National Supplier Clearinghouse to include language in the notifications sent to suppliers awarding them billing numbers to read and adhere to the OIG's *Compliance Program Guidance for the Durable Medical Equipment, Prosthetics, Orthotics and Supply Industry*, and (4) continuing beneficiary outreach efforts, which include tips on identifying improper practices involving home blood glucose monitors and related supplies. The full text of HCFA's comments can be found in Appendix B.

TABLE OF CONTENTS

	PAGE
EXECUTIVE SUMMARY	1
INTRODUCTION	4
FINDINGS	8
Misleading advertising	8
Automatic mailing of supplies	10
RECOMMENDATIONS	12
APPENDICES	
A: Estimates and Confidence Intervals	14
B: Health Care Financing Administration Comments	17

INTRODUCTION

PURPOSE

To examine how marketing practices affect Medicare beneficiaries who use diabetic testing supplies. This report serves as a companion to a recently issued draft report, “Medicare Payments for Blood Glucose Test Strips” (OEI-03-98-00230).

BACKGROUND

In conjunction with an inspection which examined the propriety of Medicare payments for blood glucose test strips, we gathered information relating to the marketing of these supplies. This information encompassed marketing practices targeted to the diabetic Medicare population as well as the diabetic community in general.

Marketing of diabetic testing supplies to the Medicare population is of vital interest because of sharply increasing payments. Medicare allowances for test strips more than doubled between 1994 and 1997, increasing from about \$102 million in 1994 to \$220 million in 1997. These allowances include the 20 percent coinsurance which beneficiaries are responsible for paying. Allowances exceeded \$314 million in 1998. Preliminary figures indicate that allowances will exceed \$380 million in 1999. The full impact of an expansion of eligibility requirements, which took effect in 1998, could lead to an even greater increase in payments in future years.

Medicare Coverage of Home Blood Glucose Monitors and Test Strips

Title XVIII of the Social Security Act prescribes coverage requirements under Part B of the Medicare program. Part B covers services and items including durable medical equipment (DME). Claims for home blood glucose monitors and test strips are covered under Part B within the DME benefit. Suppliers submit claims for reimbursement to DME regional carriers (DMERCs). The four DMERCs process all Medicare claims for prosthetics, orthotics, medical supplies, and other DME. They are under contract with the Health Care Financing Administration (HCFA), the agency which administers the Medicare program.

A blood glucose monitor and the supplies needed to use it effectively are covered if the beneficiary meets these requirements: 1) the patient is under a physician’s care for diabetes; 2) the glucose monitor and related accessories and supplies have been ordered

by the patient's treating physician; 3) the patient (or patient's caregiver) has been trained to use the required equipment in an appropriate manner; and 4) the equipment is designed for home rather than clinical use.

Prior to July 1, 1998, Medicare coverage for home blood glucose monitors and test strips was restricted to beneficiaries with Type 1, or insulin-treated diabetes. Medicare expanded coverage on that date to beneficiaries with Type 2, or non-insulin treated diabetes. Also prior to the issuance of the new guidelines, suppliers could send shipments of test strips to beneficiaries automatically. The new guidelines prohibit this practice.

Marketing Practices

Medicare beneficiaries who utilize medical supplies on a repeated basis, such as blood glucose test strips, may be strongly influenced by marketing practices. Manufacturers' rebates, special dealer sales, coupons, discounts, and similar financial inducements are all designed to sway consumer product choice. Entities interested in reaching diabetics who use testing supplies resort to a variety of media to promote their products, including radio, television, specialized periodicals, and newspapers.

Advertising incentives which indicate or imply a routine waiver of coinsurance or deductible could be in violation of 42.U.S.C. 1320a-7b(b), the Medicare and Medicaid anti-kickback statute. According to an *Office of Inspector General Medicare Fraud Alert* (94-04), such routine waivers of coinsurance or deductibles are unlawful because they could result in (1) false claims, (2) violations of the anti-kickback statute, and (3) excessive utilization of items and services paid for by Medicare. Anyone who routinely waives copayments or deductibles can be criminally prosecuted and excluded from participating in Medicare and State health care programs.

In addition, 42.U.S.C. 1320a-7a(a) (5) prohibits a person from offering or transferring remuneration to a beneficiary that such person knows or should know is likely to influence the beneficiary to order items or services from a particular provider or supplier for which payment may be made under a Federal health care program. "Remuneration" is defined as including a waiver of coinsurance and deductible amounts, with exceptions for certain financial hardship waivers, which are not prohibited.

Beneficiaries' choice of test strips and related supplies can also be influenced by non-economic factors. Many advertisements stress special supplier services, such as overnight delivery, no paperwork, training in the use of blood glucose monitors and test strips, and frequent follow-up contacts to ensure that supplies are adequate and operating satisfactorily.

Prior to the completion of this inspection, the Office of Inspector General issued a document entitled, *Compliance Program Guidance for the Durable Medical Equipment*,

Prosthetics, Orthotics and Supply Industry. This document can be located on the Internet at <http://www.hhs.gov/progorg/oig/modcomp/cpgfinl.htm>. The *Guidance*, which was prepared in consultation with health care trade organizations, was designed to promote a higher level of ethical and legal conduct among providers of medical equipment and supplies. The *Guidance* details specific problems which we cite in this report, such as providing routine waivers of deductibles and/or coinsurance.

METHODOLOGY

Sampling

We selected a simple random sample of 555 Medicare beneficiaries with paid claims for blood glucose test strips in 1997. The beneficiaries were selected from a 1 percent DME claims file developed from HCFA's National Claims History File. We defined our sample population as those patients whose claims for test strips averaged \$50 per month or more. In order to compute point estimates and confidence intervals for inappropriate and questionable claims, we treated the beneficiary sample as a single-stage cluster sample in which each of the beneficiaries was a cluster and their 1997 claims were the unit of analysis. Estimates were made only for the universe of beneficiaries with claims averaging \$50 a month or more.

We checked Medicare records to ascertain if any of our sampled beneficiaries were shown as deceased. We removed these beneficiaries from the sample. In addition, we removed beneficiaries from the sample whose test strips were provided by suppliers under investigation. The remaining sample consisted of 472 Medicare beneficiaries. In all, 310 suppliers had submitted 2,184 claims for Medicare reimbursement for these beneficiaries. Since many of the 310 suppliers provided test strips for multiple beneficiaries, our unique supplier-beneficiary combination totaled 540.

Data Collection and Analysis

Our primary data collection sources for this report were our sample beneficiaries and their test strip suppliers. Many of the questions we asked beneficiaries and suppliers in our survey instruments were relevant to test strip marketing practices. Additionally, many beneficiaries and suppliers provided comments and information pertinent to industry marketing practices. We did not, as part of this inspection, contact manufacturers, wholesalers, distributors, or similar entities. However, we reviewed media sources from four metropolitan areas--Atlanta, GA; Boston, MA; Kansas City, MO; and Philadelphia, PA--and we obtained current examples of advertising relating to blood glucose test strips and accessories.

Beneficiary information. We collected information from beneficiaries via telephone interviews. Questions included beneficiaries' diabetic medical care and treatment, frequency of blood sugar testing, how supplies were obtained, and supplier marketing practices. We completed telephone interviews with 313 of the 472 beneficiaries, a 66 percent response rate. The interviews were conducted from December 1998 to June 1999.

Supplier information. We mailed 540 survey forms to suppliers, one for each beneficiary for whom a claim was filed. In addition to asking suppliers about the types of equipment and supplies provided to beneficiaries, we also included questions about their business and marketing practices. Of the 540 surveys mailed, 469, representing 1,902 claims, were completed and returned.

Marketing information. We obtained marketing information from a 1997 sample of Medicare beneficiaries and the suppliers who provided the diabetic supplies to these beneficiaries. The information was obtained from the beneficiaries through telephone interviews. We mailed survey forms to the suppliers which included questions relating to their marketing practices. In addition, we collected current examples of diabetic supply advertisements in four metropolitan areas.

This study was conducted in accordance with the *Quality Standards for Inspections* issued by the President's Council on Integrity and Efficiency.

FINDINGS

Diabetic supply advertisements offer inducements and can be misleading

Coinsurance information in diabetic supply advertisements can be misleading

During the course of the inspection, we reviewed diabetic supply advertisements in Atlanta, GA; Boston, MA; Kansas City, MO; and Philadelphia, PA. Our review of advertisements for diabetic testing supplies revealed examples of misleading wording and misinformation. The two examples below suggest that beneficiaries can get their test strips at no cost, including no coinsurance payments.

DIABETIC PATIENTS!! (Type 1 & Type 2)
If you have Medicare or Private Insurance,
You may be eligible to receive your:
DIABETIC SUPPLIES AT
NO COST TO YOU!

For more information call
1-800-###-####



Diabetes

Paying for your testing supplies.

- Test Strips	-Monitors
- Lancing Devices	-Lancets

Company name... 1-800-###-####

Deductibles and coinsurance, which beneficiaries are responsible for paying, were rarely mentioned in advertisements. Sometimes, small print carried this terse message: “Deductibles and co-pay may apply.”

Suppliers did not always collect coinsurance from beneficiaries

In our interviews with beneficiaries, we found that some, as stated in the advertisements, did not pay anything for their test strips. Of those who did not pay for their test strips up front, about 8 percent said they did not pay any coinsurance and that coinsurance was not paid by Medicaid or other insurance. A copayment for 100 test strips would be approximately \$14. A few suppliers surveyed said that they did not collect coinsurance. Reasons suppliers gave for not collecting or billing for coinsurance included, “patient indigent” and “patient qualifies for financial hardship.” Two suppliers stated simply, “We did not bill for coinsurance.”

Undoubtedly, cost is an important consideration for many beneficiaries, and if one supplier collects coinsurance and another supplier does not, the supplier who does not clearly has a competitive edge over rivals. One supplier complained that most of their patients said their previous suppliers had “...automatically waived their co-payments and deductibles.” The patient has “nothing to lose,” the supplier added, indicating that patients can simply choose a supplier who will not bill them for these amounts.

If suppliers use advertising inducements which indicate or imply a routine waiver of a coinsurance or deductible they could be in violation of the Medicare and Medicaid anti-kickback statute, 42 U.S.C. 1320a-7b(b). This statute makes it illegal to offer, pay, solicit, or receive anything of value as an inducement to generate business payable by Medicare or Medicaid. When providers, practitioners, or suppliers forgive financial obligations for reasons other than genuine financial hardship of the particular patient, they may be unlawfully inducing that patient to purchase items or services from them. In addition, the Health Insurance Portability and Accountability Act (Section 1128A) provides civil monetary penalties for anyone offering “remuneration,” including “the waiver of coinsurance or deductible amounts” as an inducement to use an item or service. Such penalties also apply to anyone giving “false or misleading information.”

Diabetic supply advertisements offer inducements and beneficiaries reported receiving such incentives

Fifteen percent of beneficiaries reported receiving incentives from suppliers. The incentive most often cited by beneficiaries was a free monitor. Seven percent of supplier survey responses indicated that suppliers had passed on incentives to beneficiaries. The most prevalent inducement mentioned (77 percent) was a free monitor followed by a

discount on the test strips (18 percent). Three suppliers responded that they passed on monitor rebates to beneficiaries. Another two suppliers noted that billings for test strips were reduced by the discounted amounts. One supplier provided a beneficiary with a free lancing device and control solution.

We found that advertisements in newspapers and periodicals, leaflets and flyers located in pharmacies, and coupons and discount offers concentrated on putting monitors into the hands of diabetic patients. Since test strips are designed to be used only in monitors with the same brand names, these inducements obviously were crafted to generate sales of those test strips.

Some inducements involving monitors may be in violation of the anti-kickback statute. A typical inducement relating to a test strip purchase requires the customer to buy 100 test strips. The monitor would then be “free.” Other inducements involve a combination rebate-trade-in typically ranging from \$35 to \$85 depending on the type and quality of the monitor being offered. Often, a range of monitors is offered in the inducement. With the trade-in along with the rebate, the monitor would then be “free” to the customer.

Other advertisements relating to monitors included coupon offers, “free” monitors with purchase of 50 test strips, and a “free monitor, up to \$50.” We also encountered an advertisement for a “diabetic care seminar” which featured “free” attendance at the seminar along with a “free monitor” with a purchase of 50 test strips.

Beneficiaries received test strips automatically from mail-order suppliers

Test strips often sent to beneficiaries automatically

We found that many beneficiaries received their test strips from suppliers automatically even after guidelines were issued prohibiting automatic shipping. With the onset of the expanded coverage policy on July 1, 1998, the DMERCs issued instructions which stipulated that suppliers may not automatically furnish repetitive supplies to beneficiaries unless the beneficiary or caregiver specifically requested the supplies. The new guidelines further stated that suppliers may not initiate a refill of an order or automatically dispense a quantity of supplies on a predetermined basis, even if such action had been authorized in advance by the beneficiary or caregiver.

During telephone interviews, we asked beneficiaries if test strips were currently being delivered to them automatically. At least 6 months after the implementation of the policy prohibiting automatic shipment of test strips, 46 percent of beneficiaries who got their

strips in the mail stated they were currently receiving their test strips automatically. There was no prior authorization. This does not differ greatly from the 58 percent of beneficiaries who received test strips in the mail who said their 1997 supplies were also sent to them automatically without a preceding supplier contact to determine the need for more strips.

Many beneficiaries receive test strip supplies via mail or delivery services

More than half of the beneficiaries in our sample received new supplies of test strips in the mail or from delivery services such as United Parcel Service. Forty percent of beneficiaries picked up test strips in person while another 4 percent received delivery from a company employee. This information supports how suppliers characterized their companies on supplier survey instruments. Forty-four percent of supplier surveys indicated that supplies were “mail-order.” Another 16 percent used a label which did not imply an entity which primarily engaged in mail-order services, such as “retail pharmacy.” Other designations commonly cited, such as “diabetic supply company” and “medical supply company” typically provide both mail-order and pick-up service.

Another indicator of the dominance of mail-order companies was revealed in a question on the supplier survey in which we asked suppliers how they happened to supply test strips to the beneficiary. Forty-four percent of suppliers replied that beneficiaries had called them, an indication, we believe, that beneficiaries were responding to toll-free telephone numbers typically used by mail-order suppliers in advertisements. According to the responses, only 23 percent of the beneficiaries were “walk-ins.” Suppliers had serviced 12 percent of the beneficiaries as a result of physician referrals.

RECOMMENDATIONS

This report identified a number of questionable marketing practices, including routine waiver of coinsurance and misleading and deceptive advertising. To counter these practices, we recommend the Health Care Financing Administration take the following steps:

Issue bulletins reminding suppliers who routinely waive deductibles and/or coinsurance or who engage in misleading advertising practices that they may be in violation of the Medicare and Medicaid anti-kickback law. Suppliers should be advised to seek legal counsel if they have any questions or concerns regarding waivers of deductibles and/or coinsurance or the propriety of marketing or advertising materials.

Remind suppliers that beneficiaries must specifically request new supplies of test strips before they are dispensed. Suppliers must not automatically dispense new quantities of test strips on a predetermined basis even if beneficiaries have authorized such procedures previously.

Promote supplier concurrence and cooperation with the Office of Inspector General's *Compliance Program Guidance for the Durable Medical Equipment, Prosthetics, Orthotics and Supply Industry*. Suppliers who establish a compliance program in accordance with the guidelines should be able to maintain an ethical and lawful business operation.

Advise beneficiaries, as part of its outreach service, to report any instances of fraudulent or abusive practices (such as misleading advertising and excessive or unrequested deliveries of test strips) involving their home blood glucose monitors, test strips, or related supplies to their DMERCs.

AGENCY COMMENTS

The HCFA concurred with our recommendations. As part of an intensive campaign to reduce and eliminate fraudulent and abusive supplier practices, including those detailed in our findings, HCFA cited a number of ongoing and planned initiatives. These initiatives included, (1) plans to discuss routine waivers of deductibles and coinsurance in addition to misleading advertising at the 2000 Beneficiary Integrity Conference, (2) reminding suppliers in DMERC bulletins and newsletters that they must not automatically dispense new supplies of test strips unless specifically requested by beneficiaries or their caregivers, (3) working with the National Supplier Clearinghouse to include language in the notifications sent to suppliers awarding them billing

numbers to read and adhere to the OIG's *Compliance Program Guidance for the Durable Medical Equipment, Prosthetics, Orthotics and Supply Industry*, and (4) continuing beneficiary outreach efforts, which include tips on identifying improper practices involving home blood glucose monitors and related supplies. The full text of HCFA's comments can be found in Appendix B.

Estimates and Confidence Intervals

The tables below contain statistical estimates presented in the findings section of this report. To calculate the point estimates and confidence intervals for the percentage of Medicare beneficiaries we used the SAS software package. These estimates are based on a simple random sample design and are reported at the 95 percent confidence level. Estimates were made only for the universe of beneficiaries with claims averaging \$50 a month or more.

DIABETIC SUPPLY ADVERTISEMENTS OFFER INDUCEMENTS AND CAN BE MISLEADING.

Table 1.

Beneficiaries Who Did Not Pay Coinsurance

	Point Estimate	95% Confidence Interval
Percent of Beneficiaries Who Did Not Pay Coinsurance	7.66%	4.27% - 11.05%

Table 2.

Beneficiaries Who Received Incentives

	Point Estimate	95% Confidence Interval
Percent of Beneficiaries Who Received Incentives from Suppliers	15.19%	11.02% - 19.36%

BENEFICIARIES RECEIVE TEST STRIPS AUTOMATICALLY FROM MAIL-ORDER SUPPLIERS**Table 3.****Beneficiaries Who Received Test Strips Automatically in 1998**

	Point Estimate	95% Confidence Interval
Percent of Beneficiaries Who Received Test Strips Automatically after July 1, 1998	46.06%	38.44% - 53.68%

Table 4.**Beneficiaries Who Received Test Strips Automatically in 1997**

	Point Estimate	95% Confidence Interval
Percent of Beneficiaries Who Received Test Strips Automatically in 1997	58.33%	51.35% - 65.31%

Table 5.**Beneficiaries Who Picked Up Test Strips in Person**

	Point Estimate	95% Confidence Interval
Percent of Beneficiaries Who Picked Up Test Strips In Person	40.50%	35.01% - 45.99%

Table 6.

Beneficiaries Who Received Strips From a Company Employee

	Point Estimate	95% Confidence Interval
Percent of Beneficiaries Who Received Strips From A Company Employee	3.92%	1.74% - 6.10%

Health Care Financing Administration Comments

APPENDIX B



DEPARTMENT OF HEALTH & HUMAN SERVICES

Health Care Financing Administration

The Administrator
Washington, D.C. 20201

MAY 16 2000

DATE:

TO: June Gibbs Brown
Inspector General

FROM: Nancy-Ann Min DeParle *Nancy-Ann DeParle*
Administrator

SUBJECT: Office of the Inspector General (OIG) Draft Reports: "Blood Glucose Test Strips: Inappropriate Medicare Payments and Marketing to Medicare Beneficiaries," (OEI-03-98-00230 and OEI-03-98-00231)

Thank you for the opportunity to review and comment on the above-referenced reports. Medicare expenditures for glucose strips rose from \$102 million in 1994 to \$314 million in 1998, but much of this increase can be attributable to the legitimate use of this benefit by eligible diabetics. The OIG estimate of \$79 million in improper payments was based on an extrapolation from a sample of high use beneficiaries in 1997 - before many of our current program integrity issues were addressed.

Since 1993, the Clinton Administration has done more than any previous administration to fight waste, fraud, and abuse of the Medicare program, which pays more than \$200 billion each year for health care for nearly 40 million beneficiaries. The result is a record series of investigations, indictments, and convictions, as well as new management tools to identify improper payments to health care providers. Medicare has also reduced its improper payment rate sharply from 14 percent 4 years ago to less than 8 percent last year, and we have several more initiatives currently underway that we expect will further reduce inappropriate program payments in this area.

- The new comprehensive error rate testing program will establish baselines to measure each contractor's progress toward correctly processing and paying its share of the nearly 1 billion Medicare claims filed each year. Medicare will use the results to target efforts to pay correctly for services provided to beneficiaries. The Health Care Financing Administration's (HCFA's) private contractors must ensure that Medicare pays claims correctly, and these new error rates will measure their performance and guide our oversight. The results will help contractors improve the accuracy of their payments and give HCFA a valuable new weapon in our efforts to reduce waste and abuse.

Page 2 - June Gibbs Brown

- HCFA is using private-sector competition to save an average of 17 percent for beneficiaries and the Medicare program on certain durable medical equipment as part of a competitive-bidding demonstration in Polk County, Florida. We are now conducting a second demonstration in the San Antonio region.
- Each year, HCFA requires the Durable Medical Equipment Regional Carriers (DMERCs) to actively analyze claims data to identify trends and spot possible abusive practices. This data analysis allows the DMERCs to concentrate their medical review efforts on those items which pose the most threat to the Medicare program. Additionally, the DMERCs continuously review each regional medical review policy to assure that the appropriate protections are in place.

HCFA and the private companies that process Medicare claims have taken steps to ensure that Medicare pays reasonable prices for needed medical equipment. Using the inherent reasonableness authority obtained in the Balanced Budget Act of 1997, we have put forth proposals to reduce excessive charges on certain items to save millions of dollars for beneficiaries and the Medicare program. However, Congress last year prohibited us from proceeding with these efforts until after the General Accounting Office issued a report on the issue. We are awaiting the results of that report so that we can move forward on these important efforts.

We appreciate the effort that went into this report and the opportunity to review and comment on the issues raised. We concur with the OIG's recommendations, and our specific comments follow.

OIG Recommendation

HCFA should alert suppliers of the importance of properly completed documentation to support their claims for test strips.

HCFA Response

We concur and have already taken strong steps to address this issue. DMERCs have published explicit guidance in the Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) suppliers manual. The manual provides direction to suppliers on how to properly document the need for these supplies and the proper use of the KS and ZX modifiers. DMERCs also publish quarterly supplier bulletins. These bulletins address issues unique to the supplier community in each DMERC region. Each DMERC conducts supplier education and outreach seminars as well. As the DMERCs continue to receive incomplete documentation or improperly coded claims, they will use the tools, as appropriate, to address the issue.

Page 3 - June Gibbs Brown

OIG Recommendation

HCFA should require suppliers to indicate actual and accurate dates on claim forms.

HCFA Response

We concur and will take appropriate steps toward eliminating inappropriate payments for blood glucose test strips, especially with regard to requiring actual and accurate "start" and "end" dates on claims forms. We will work to include this in the 2001 "Work Change Process."

OIG Recommendation

HCFA should promote supplier concurrence and cooperation with the *OIG's Compliance Program Guidance for the Durable Medical Equipment, Prosthetics, Orthotics and Supply Industry*.

HCFA Response

We concur. We will work with the National Supplier Clearinghouse to develop language to be included in the letter sent to each supplier upon award of the supplier number. This language will encourage suppliers to read the *OIG's* compliance guide, as well as urge them to adhere to the guidance.

OIG Recommendation

HCFA should advise beneficiaries, as part of its outreach service, to report any instances of fraudulent or abusive practices (such as receiving excessive or unrequested deliveries of test strips and misleading advertising) involving their home blood glucose monitors, test strips, or related supplies to their DMERCs.

HCFA Response

We concur. Several current initiatives already address this recommendation for all types of medical equipment. The *Medicare and You* handbook will continue to provide general information on preventing, identifying, and reporting potential fraud and abuse. As part of HCFA's outreach efforts, we will be incorporating tips on identifying fraudulent or abusive practices involving beneficiaries' home blood glucose monitors, test strips, or related supplies to their DMERCs into the revised *Medicare Fraud and Abuse* booklet.

HCFA, in conjunction with the National Diabetes Education Program, has developed a brochure regarding the coverage of home blood glucose monitors and equipment. Included in this brochure is a caution to the consumer about receiving supplies through automatic shipment. Specifically, we have advised beneficiaries not to accept supplies

Page 4 - June Gibbs Brown

that are automatically sent to them. Rather, they should report this practice to their DMERC. The brochure also contains the contact numbers of all of the DMERCs where additional coverage information may be obtained.

HCFA, in conjunction with the Administration on Aging (AOA), will continue our involvement in the Senior Medicare Patrol Project. The grantees under this program are trained by HCFA's regional offices and Medicare contractors on how to identify deceptive health care practices such as overbilling, overcharging, or providing unnecessary services. In turn, they will educate beneficiaries and their families on how to read their Medicare statements, to protect their Medicare identification numbers and to contact their providers if they have questions about their bills.

In addition, one aspect of the Who Pays You Pay national campaign, in which HCFA partnered with the AOA, the American Association of Retired Persons, the Department of Justice, and the OIG, was designed to instruct beneficiaries on how to review their Medicare Summary Notices (MSNs) more thoroughly in order to identify potentially questionable services. Various messages are printed on the MSNs to alert beneficiaries on ways to help reduce fraud. For instance, beneficiaries are instructed to not sell their Medicare number and to check for accuracy of dates, services, and amounts billed to Medicare. Beneficiaries are instructed to contact their Medicare contractor with questions.

OIG Recommendation

HCFA should issue bulletins reminding suppliers who routinely waive deductibles and/or coinsurance or who engage in misleading advertising practices that they may be in violation of the Medicare and Medicaid anti-kickback law.

HCFA Response

We concur. HCFA is aware of this issue and in early 1998 issued Fraud Alert 98-02 addressing the scheme to help our contractors focus on this area. We will reemphasize this issue with the Medicare fraud information specialists and will devote a portion of the summer 2000 Beneficiary Integrity Conference to discussion of this issue.

In addition, HCFA will address the issue regarding advising suppliers to seek legal counsel if they have questions or concerns regarding waivers of deductibles and/or coinsurance or the propriety of marketing or advertising materials in an upcoming program memorandum regarding kickbacks.

Page 5 - June Gibbs Brown

OIG Recommendation

HCFA should remind suppliers that beneficiaries must specifically request new supplies of test strips before they are dispensed.

HCFA Response

We concur and have taken strong steps to address this issue. The DMEPOS suppliers manual clearly states, **“A beneficiary or their caregiver must specifically request refills of glucose monitor supplies before they are dispensed.”** As the DMERCs address aberrancies among providers with this issue, they will use the appropriate tools, as mentioned in the above response, to address this.